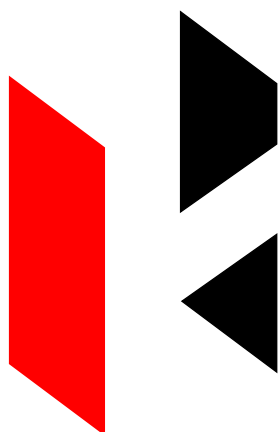


Chairman's Speech
2012 - 2013



Hero



Hero MotoCorp Ltd.

Dear Shareholders,

On behalf of the Board of Directors, I heartily welcome you all to the 30th Annual General Meeting of your Company.

Global & Indian Economy

The global economy continues to go through a testing period, with global growth in 2013 pegged at 3 per cent, the same level as the previous year. The Indian economy during 2012-13 also went through its most challenging period in a decade. Growth was less than 5 per cent, there was little investment momentum, and consumer demand remained tepid.

GDP growth during the first quarter of the current year was pegged at 4.4 per cent, on the back of a contraction in manufacturing and a slowdown in the service sector. A sharply depreciating rupee against the dollar made the environment even more challenging.

In an import and resource dependent country like India, the rupee's plunging value has fuelled the current deficit, pushed up transaction costs and has once again stoked the fears of inflation. RBI's import controls has also tapered off any expectations of lower interest rates in the short term.

However, a strong monsoon and significant uptick in agricultural output in the coming season could revive rural demand. Other positives include a revival in export activity in July, and the increasing competitiveness of the IT sector—each of these trends could trigger some revival in consumer demand over second half of 2013-14.

Industry Performance

During 2012-13, the two wheeler industry went through one of its worst performances in a decade. Two wheeler customers had to weather high inflation, steep petrol prices and crippling interest rates. To make matters worse, weak monsoons in the 2012 season eroded the earnings and consumption potential of rural buyers dependent on the farm sector. This weakness and downturn in demand was matched in the cities, where sluggish service sector and widespread job uncertainty crimped demand.

During 2012-13, the entry segment accounted for 19.3% of sales; the deluxe segment made up 64.9% and the premium category comprised 15.8% of sales. The entry segment accounted for 1.9 million units, growing at 4.3%.

Brand transition and expansion

In spite of the challenging business environment, your Company continued to forge ahead with its expansion plans in India and around the world.

In the true spirit of a Hero, your Company successfully completed its brand transition for its portfolio of products two years before schedule.



Work on a fourth plant at Neemrana in Rajasthan continues in full swing, along with a state-of-the-art spare parts centre.

At the time of writing, your company had crossed the historic milestone of 50 million cumulative sales, the first by any automotive company in India.

Technology vision

The foundation stone for a world-class technology centre has also been laid. The Centre, which is one of the largest two wheeler technology centres in India, will make your Company completely self-sufficient in the near future.

As you already know that during the year gone by, your Company has partnered with three internationally renowned technologically Companies to create unmatched value propositions for our customers. These alliances are beginning to deliver results that have exceeded our expectations. I am confident that in the coming months, these will emerge as strong sources of strategic advantage for Hero MotoCorp.

Overseas focus

A strong international focus is an integral part of Hero's future. As of today, Hero products **sell** in 12 markets across the globe versus four in 2011. Your Company will enter many more new markets in the coming months, and is even planning a number of assembly units overseas to strengthen its international expansion.

Company Performance

During 2012-13, the second half of the year was challenging, partly because of continuing economic hardships and partially because your Company's product pipeline is still in transition.

Despite this, three of the four products that were launched under the new brand found resonance among customers, and Hero MotoCorp enjoyed a record-breaking festive season.

If I look back at the performance of the two wheeler industry in the past 15 years, every setback is followed by a recovery. Therefore, I am positive that a good monsoon, plus a possible increase in government spending in the run-up to the 2014 elections, will increase consumer spending in the short term.

However, as I have mentioned in my earlier communication as well, it is the medium-to-long term future playing out in the Indian countryside that I am really excited about. The actual village in many parts is shrinking. The town located nearest to the village is coming closer to the village. The 2011 Census mentions the emergence of 2500 Census towns, and these are driving demand.

Against this backdrop, companies such as yours, which has few peers when it comes to cost of ownership, distribution, reach and service – are poised to benefit from this transformation the most.

Acknowledgments

All our stakeholders, including our customers, employees, investors, vendors and dealers strongly supported and endorsed the Brand, as we bravely course through a period of transition, which has been extremely successful.

I also take this opportunity to express my thanks to the new technology partners who have come on board and are helping Hero fulfil its vision of becoming a global leader in two wheeler technology.

I would also like to thank officials of State and Central Government departments, banks and financial institutions for their on-going support and assistance.

Our dealers, customers, ancillaries, investors and vendors have contributed immensely to our growth and we continue to bank on them as we drive into the future.

I am immensely thankful to all our employees for their consistent high-level performance, their commitment to Company goals and for their team effort. Without their complete involvement, Hero MotoCorp Ltd. would not have reached where it is today.

Finally let me thank you, dear shareholders, for your wholehearted and unflinching support over the past years. You have bestowed us with the conviction, strength and courage to prepare for, and face, the future. As we march ahead, I know I can continue to rely on your support to strengthen the Brand "Hero" in India and across the world.

I once again thank you all for attending the 30th Annual General Meeting of our Company.

Thank you all.

**Speech of Mr. Brijmohan Lall Munjal, Chairman
at the 30th Annual General Meeting of Hero MotoCorp Ltd.
held at New Delhi on Wednesday, September 11, 2013.**